

Subcommittee on Oversight and Investigations
House Financial Services Committee
February 24, 2009

“A Review of TARP Oversight, Accountability and Transparency for U.S. Taxpayers”

Opening Statement from Chairman Dennis Moore [KS-03]

Five months ago, some Members of Congress were told by Federal Reserve Chairman Bernanke that the financial meltdown was accelerating and “we may not have an economy on Monday,” if Congress failed to pass a rescue bill.

On September 29, 2008, the House first considered the Emergency Economic Stabilization Act, but the measure failed by a vote of 205-228. The Dow lost 777 points after the vote, and we saw a loss of \$1.2 trillion in the stock market. The Senate later added a number of unrelated tax provisions and approved the bill by a vote of 74-25 on October 1st. The House approved the Senate version by a vote of 263 – 171 on October 3rd. It was signed into law by the President later that day.

We are in a deep and painful economic downturn, the likes of which we haven’t seen in generations. The evidence is all around us. Just last month, our economy lost nearly 600,000 jobs, and that’s on top of the 2.6 million jobs we lost in 2008. But something we should remember – our financial sector must be stabilized and confidence restored before we see any economic recovery. “Facts are stubborn things,” John Adams once said, and there’s no way around this fact.

When Congress enacted the Emergency Economic Stabilization Act, the new law not only created the \$700 billion Troubled Assets Relief Program, or TARP, we made sure to include strong oversight protections for U.S. taxpayers. This included the creation of the Financial Stability Oversight Board, the Special Inspector General for TARP, the Congressional Oversight Panel, and new audit and oversight mandates for the Comptroller General of the United States.

I am pleased we have three representatives of these TARP oversight bodies to testify today, and their work and the work of their staff has contributed to a number of reports totaling over 1,700 pages, all of which are available on the Internet. In fact, the Congressional Research Service has written a 21-page paper explaining all the accountability reports required by the Emergency Economic Stabilization Act. In the words of the Project on Government Oversight earlier this month, “The world would be a better place if all oversight were this aggressive.”

In light of recent announcements by the Obama Administration regarding the use of TARP funds and their comprehensive Financial Stability Plan, it is important that Congress ensure oversight organizations understand their respective roles in the oversight process, cooperate with each other and work to avoid repetitive efforts and inefficiencies.

I hope today's hearing will help us identify any gaps, either in statute or regulation, that may exist with respect to the oversight of TARP and how we can better protect U.S. taxpayers in this effort. For example, the Senate has already approved S. 383, the Special Inspector General for the TARP Act. While this bill primarily deals with the Special Inspector General's office, the question is how would it improve the overall TARP oversight framework?

What's the current status of your organization's hiring efforts, and are steps being taken to avoid potential or real conflicts of interest? What oversight work is your organization currently focused on?

Finally, does the oversight structure we are putting in place ensure that the use of TARP funds follows the clear principles laid out by Congress?

In section 2 of the Emergency Economic Stabilization Act, the stated purpose of the new law was to "restore liquidity and stability to the financial system," as well as to ensure these efforts "protects home values, college funds, retirement accounts and life savings"; "preserves homeownership and promotes jobs and economic growth"; "maximizes overall returns to the taxpayers"; and "provides public accountability for the exercise of such authority."

I look forward to hearing your testimony and discussing these important issues. My constituents are anxious and frustrated, and they deserve the strongest oversight structure that will provide the accountability the law requires.